

Amendment No. 1 to SB1988

Johnson
Signature of Sponsor

AMEND Senate Bill No. 1988

House Bill No. 1757*

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 45, is amended by adding the following as a new, appropriately designated chapter:

45-12-101. This chapter shall be known and may be cited as the “Flexible Credit Act.”

45-12-102.

(1) “Commissioner” means the commissioner of financial institutions or the commissioner’s designee;

(2) “Department” means the department of financial institutions;

(3) “Flex loan” means a loan made pursuant to a flex loan plan;

(4) “Flex loan plan” means a written agreement subject to this chapter between a licensee and a customer establishing an open-end credit plan under which the licensee contemplates repeated noncommercial loans for personal, family, or household purposes, that:

(A) May be unsecured or secured by personal property;

(B) May be without fixed maturities or limitation as to the length of term;

and

(C) Are subject to prepayment in whole or in part at any time without penalty;

(5) “Licensee” means a person licensed to offer flex loans pursuant to this chapter; and

Amendment No. 1 to SB1988

Johnson
Signature of Sponsor

AMEND Senate Bill No. 1988

House Bill No. 1757*

(6) "Person" means an individual, group of individuals, partnership, association, corporation, or any other business unit or legal entity.

45-12-103.

(a) No person shall engage in the business of making flex loans unless the person is licensed pursuant to this chapter to make flex loans. A person shall be deemed to be engaged in the business of making flex loans in this state if the person induces a consumer, while located in this state, to enter into a flex loan plan in this state through the use of the Internet, facsimile, telephone, or other means. A separate license shall be required for each location from which the business of making flex loans is conducted.

(b) Any nonresident person, seeking a license under this chapter, shall furnish the commissioner with the name and address of a resident of this state upon whom notices or orders issued by the commissioner, or process affecting a licensee under this chapter, may be served. Such nonresident licensee shall promptly notify the commissioner in writing of every change in its designated agent for service of process, and such change shall not become effective until approved by the commissioner.

45-12-104.

(a) To qualify for a license to make flex loans, an applicant shall meet the following requirements:

(1) The applicant has a tangible net worth that comprises tangible assets less liabilities of not less than fifty thousand dollars (\$50,000) for each location; and

(2) The financial responsibility, financial condition, business experience, character, and general fitness of the applicant shall reasonably warrant the belief that the applicant's business will be conducted lawfully and fairly. In determining whether this qualification has been met, and for the purpose of investigating compliance with this chapter, the commissioner may review and approve:

(A) The relevant business records and the capital adequacy of the applicant;

(B) The competence, experience, integrity and financial ability of any person who is a director, officer, or ten percent (10%) or more shareholder of the applicant or owns or controls the applicant; and

(C) Any record, on the part of the applicant, or any person referred to in subdivision (a)(2)(B) of any criminal activity, any fraud or other act of personal dishonesty, any act, omission or practice that constitutes a breach of a fiduciary duty or any suspension, removal or administrative action by any agency or department of the United States or any state, from participation in the conduct of any business.

(b) The requirements set forth in subsection (a) are continuing in nature.

45-12-105.

Each application for a license shall be in writing and under oath to the commissioner, in a form prescribed by the commissioner, and shall include the following:

(1) The legal name, residence and business address of the applicant and, if the applicant is a partnership, association, or corporation, of every member, officer, managing employee and director thereof;

(2) The location in Tennessee at which the registered agent of the applicant shall be located; provided, that "registered agent of the applicant" includes a person designated by the applicant for accepting notices or orders by the commissioner, or process affecting the applicant, pursuant to 45-12-103; and

(3) Other data and information the commissioner may require with respect to the applicant, its directors, trustees, officers, members, managing employees or agents.

45-12-106.

Each application for a license shall be accompanied by:

(1) A filing fee of five hundred dollars (\$500), which shall not be subject to refund but which, if the license is granted, shall constitute the license fee for the first license year or part thereof; provided, however, if a supervision fee is established pursuant to § 45-1-118, the commissioner shall require applicants under this chapter to, instead, pay the nonrefundable supervision fee in place of the filing fee. The filing fee or supervision fee shall be applicable to each location;

(2) An audited financial statement including, but not limited to, a balance sheet, statement of income or loss, and statement of changes in financial position, for the immediately preceding fiscal year end, prepared in accordance with generally accepted accounting principles by a certified public accountant or public accounting firm not affiliated with the licensee; and

(3) A surety bond, issued by an insurer regulated under title 56 and not affiliated with the applicant, in the amount of twenty-five thousand dollars (\$25,000) for each location. However, in no event shall the aggregate amount of the surety bond required for a single licensee exceed two hundred thousand dollars (\$200,000). In lieu of the surety bond, the applicant shall file an

irrevocable letter of credit, in the amount of the surety bond, issued by any federally insured bank, savings bank or credit union not affiliated with the applicant. The surety bond or irrevocable letter of credit shall be in a form satisfactory to the commissioner, and shall be payable to the commissioner for the benefit of any person who is injured pursuant to a flex loan plan by the fraud, misrepresentation, breach of contract, financial failure or violation of any provision of this chapter by a licensee. In the case of a bond, the aggregate liability of the surety, in no event, shall exceed the principal sum of the surety bond. In the case of an irrevocable letter of credit, applicants shall obtain letters of credit for terms of not less than three (3) years and renew the letters of credit annually. If the licensee fails to pay a person or the commissioner as required by this chapter, then a person may bring suit against the licensee directly on the surety bond or irrevocable letter of credit in any court of competent jurisdiction, or the commissioner may bring suit in the chancery court of Davidson County, on behalf of those persons, either in one (1) or successive actions. The surety bond or irrevocable letter of credit shall be maintained by the licensee for not less than three (3) years, following the expiration, revocation, or surrender of the licensee's authority to make flex loans under this chapter.

45-12-107.

(a) Upon the filing of an application in a form prescribed by the commissioner, accompanied by the fee and documents required in § 45-12-106, the commissioner shall investigate to ascertain whether the qualifications prescribed by § 45-12-104 have been satisfied. If the commissioner finds that the qualifications have been satisfied, and approves the documents, the commissioner shall issue to the applicant a license to engage in the business of making flex loans in Tennessee.

(b) The license shall be kept conspicuously posted in the place of business of the licensee.

(c) A license issued pursuant to this chapter shall remain in force and effective through the remainder of the year ending December 31 after its date of issuance unless earlier surrendered, suspended or revoked pursuant to this chapter.

(d) A license issued pursuant to this chapter terminates if the licensee's license to engage in deferred presentment services under title 45, chapter 17 expires, is revoked, or otherwise terminates.

45-12-108.

(a) If the commissioner determines that an applicant is not qualified to receive a license, the commissioner shall notify the applicant in writing that the application has been denied, stating the basis for denial.

(b) If the commissioner denies an application, or if the commissioner fails to act on an application within ninety (90) days after the filing of a properly completed application, the applicant may make written demand to the commissioner for a hearing before the commissioner on the question of whether the license should be granted.

(c) Any hearing on the denial of a license shall be conducted pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5. In the hearing, the burden of proving that the applicant is entitled to a license shall be on the applicant. A decision of the commissioner following any hearing on the denial of a license is subject to review under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

45-12-109.

(a) Licenses issued pursuant to this chapter shall expire on December 31. Each license may be renewed for the ensuing twelve-month period upon application by the license holder showing continued compliance with the requirements of § 45-12-104 and the payment to the commissioner annually, between November 1 and December 31, of a

license renewal fee of five hundred dollars (\$500). If a supervision fee is established pursuant to § 45-1-118, the commissioner shall require licensees under this chapter, to instead, pay the nonrefundable supervision fee in place of the license renewal fee.

(b) A licensee making timely and complete application for renewal of its license shall be permitted to continue to operate under its existing license until its application is approved or denied.

(c) The commissioner may establish a biennial license arrangement for the filing of the application for license renewal, but in no case shall the license fee or supervision fee, if established pursuant to § 45-1-118, be payable for more than one (1) year at a time.

45-12-110.

(a) A license issued pursuant to this chapter is not transferable or assignable.

(b)

(1) The prior written approval of the commissioner is required for the continued operation of a flex loan business whenever a change in control of a licensee is proposed. "Control," in the case of a corporation, means direct or indirect ownership, or the right to control, twenty-five percent (25%) or more of the voting shares of the corporation, or the ability of a person to elect a majority of the directors or otherwise effect a change in policy. "Control," in the case of any other entity, means the ability to change the principals of the organization, whether active or passive. The commissioner may require information deemed necessary to determine whether a new application is required. Reasonable and actual costs incurred by the commissioner in investigating a change of control request shall be paid by the person requesting approval.

(2) Whenever control is acquired or exercised in violation of this section, the license shall be deemed revoked as of the date of the unlawful acquisition of

control. The licensee or its controlling person shall surrender the license to the commissioner on demand.

(c) A licensee shall notify the department five (5) days before any change in the licensee's principal place of business, branch office or name.

45-12-111.

(a) Notwithstanding any other statutory limitation, a licensee authorized to make flex loans under this chapter may charge and collect interest, fees, and charges in a manner consistent with this section.

(b) A licensee may charge and collect a periodic interest rate not to exceed twenty-four percent (24%) per annum.

(c)

(1) In addition to the periodic interest rate authorized under subsection (b), a licensee may also charge and collect a customary fee to defray the ordinary costs of opening, administering, and terminating a flex loan plan including, but not limited to costs associated with:

(A) Underwriting and documenting the account;

(B) Securing and maintaining account information;

(C) Validating customer information;

(D) Offering electronic and phone access to accounts;

(E) Processing account transactions;

(F) Responding to customer inquiries;

(G) Providing periodic billing statements;

(H) Inspection, verification, and protection of collateral and establishment, perfection, and release of the security interest; and

(I) All other services or activities conducted by the licensee under the flex loan plan.

(2) The customary fee shall not be deemed interest for any purpose of law and shall not exceed a daily rate of seven-tenths of one percent (0.7%) of the average daily principal balance in any billing cycle.

(d) No flex loan plan under this chapter shall have an outstanding principal balance in excess of five thousand dollars (\$5,000) at any time.

(e) Any flex loan plan under this chapter shall require payment on or before the due date of each billing cycle in an amount sufficient to reduce any outstanding principal balance by at least two percent (2%) per calendar month.

(d)

(1) In the event a customer defaults under the terms of a flex loan plan and the licensee refers the customer's account to an attorney, including a regular salaried employee of the licensee, for collection, the licensee may:

(A) If the flex loan plan so provides, charge and collect from the customer a reasonable attorney's fee; and

(B) If the flex loan plan, or in the case of secured plans, the security agreement or similar instrument, so provides, recover from the customer all collection and court costs including, in the case of secured plans, all costs of enforcing the security agreement or similar instrument, actually incurred by the licensee, including those incurred on appeal.

(2) A licensee may charge and collect interest following default of the customer or judgment in favor of the licensee at the periodic rate permitted by this section.

(3) Disposition of property after default must occur in a commercially reasonable manner as provided in title 47, chapter 9, part 6.

(e) If a check is returned to a licensee from a payer financial institution due to insufficient funds, no licensee shall have the authority to assess a handling charge against the maker or drawer of the returned check.

45-12-112.

(a) A licensee shall provide each prospective customer, before consummation of a flex loan plan, a written explanation, in clear, understandable language, of the interest, fees, and charges to be charged by the licensee. The style, content and method of executing the required written explanation shall comply with federal truth-in-lending laws and shall contain a statement that the customer may prepay the unpaid balance in whole or in part at any time without penalty. The commissioner may promulgate rules establishing additional requirements in order to assure complete and accurate disclosure of the interest, fees, and charges to be charged by a licensee under a flex loan plan.

(b) The account-opening statement for any flex loan plan shall include, along with other state or federal law requirements:

(1) A next-business-day customer's right of rescission for any requested draw under the flex loan plan; and

(2) A notice informing the customer that complaints may be made to the department, including the department's telephone number and address.

(c) The account-opening statement for any flex loan plan shall not require or provide the licensee the authority to require the customer to draw the full amount of credit available under a flex loan plan at any time.

(d) A licensee shall provide customers with a periodic billing statement in compliance with federal truth-in-lending laws.

(e) If two (2) or more customers, all of whom have the same residence, are authorized to obtain extensions of credit under the flex loan plan, the statement of

provisions of the plan shall be provided to one (1) of the customers as may be designated in the plan, and the billing statements required by law shall be rendered to such customer.

45-12-113.

(a) Each licensee shall keep and use in its business any books, accounts and records the commissioner may require to carry into effect the provisions of this chapter and the administrative regulations issued hereunder. Every licensee shall preserve the books, accounts and records for at least two (2) years. Any licensee, after receiving the prior written approval of the commissioner, may maintain records at a location within or outside this state.

(b) No licensee shall engage in unfair or deceptive acts, practices or advertising in the conduct of the licensed business.

(c)

(1) No customer may have outstanding more than one (1) flex loan plan under this chapter at any one (1) time. Each licensee shall inquire of any customer seeking a flex loan plan under this chapter regarding the customer's outstanding flex loan plans.

(2) If the customer represents in writing that the customer has no outstanding flex loan plans, a licensee may offer the customer a flex loan plan.

(3) If the customer represents in writing that the customer has one (1) or more outstanding flex loan plans, a licensee shall not offer a flex loan plan to the customer until the customer represents to the licensee in writing that the customer qualifies to open a new flex loan plan in accordance with this subsection (d).

(4) Each licensee may rely on a written representation of a customer regarding the existence of any outstanding indebtedness with any other lender other than the licensee receiving the representation.

(d) A licensee shall not use any device or agreement, including agreements with affiliated licensees, with the intent to obtain greater charges than otherwise would be authorized by this chapter.

(e) A licensee shall comply with any state or federal law, rule, or regulations applicable to any business authorized or conducted under this chapter, including, but not limited to, the federal Truth in Lending Act, compiled in 15 U.S.C. §1601 et seq., the federal Equal Credit Opportunity Act, compiled in 15 U.S.C. §§ 1691-1691f, and the federal Fair Debt Collection Practices Act, compiled in 15 U.S.C. § 1692 et seq.

(f) (1) No flex loan plan subject to this chapter shall:

(A) Provide that the law of a jurisdiction other than Tennessee applies;

(B) Provide that the customer consents to the jurisdiction of another state or foreign country;

(C) Fix venue; or

(D) Waive any provision of this chapter.

(2) Any such provision contained in any flex loan plan subject to this chapter shall be void and not enforceable as a matter of public policy.

45-12-114.

The business of making flex loans in accordance with this chapter shall not be subject to or controlled by any other statute governing the imposition of interest, fees or loan charges, including but not limited to, § 47-14-104. A licensee shall not have the powers enumerated in this chapter without first complying with the law regulating the particular

transaction involved, but licensees legally exercising any of the powers set forth in this chapter shall not be deemed in violation of §§ 47-14-112, 47-14-115, and 47-14-117.

45-12-115.

(a) The commissioner may promulgate reasonable regulations in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, for the enforcement of this chapter. A copy of any rule or regulation adopted by the commissioner shall be mailed to the principal place of business of each license holder at least thirty (30) days before the date it takes effect.

(b) To assure compliance with this chapter, the commissioner may examine the relevant business, books and records of any licensee. Further, for the purposes of discovering violations of this chapter and determining whether persons are subject to this chapter, the commissioner may examine or investigate persons licensed under this chapter and persons reasonably suspected by the commissioner of conducting business that requires a license under this chapter, by exercising authority that includes, but is not limited to, the power to summon witnesses and examine them under oath, and to compel the production of books and records that may be relevant to the examination or investigation.

(c) A licensee or unlicensed person subject to the licensing requirements of this chapter, that is examined or investigated in accordance with this chapter, shall pay to the commissioner the reasonable and actual expenses of the investigation or examination. If a supervision fee is established pursuant to § 45-1-118, then licensees who pay the supervision fee will no longer be required to pay an additional examination fee pursuant to this subsection (c) for examinations that occur after payment of the supervision fee. The fees shall be payable in addition to all other fees, taxes and costs required by law.

45-12-116.

(a) The commissioner may, after notice and hearing, suspend or revoke any license if the commissioner finds that the licensee has knowingly or through lack of due care:

(1) Failed to pay any fees or assessments imposed by the commissioner under the authority of this chapter;

(2) Has committed any fraud, engaged in any dishonest activities or made any misrepresentations;

(3) Has violated any provisions of this chapter or any administrative regulation issued pursuant to this chapter or has violated any other law in the course of the licensee's dealings as a licensee;

(4) Has made a false statement in the application for the license or failed to give a true reply to a question in the application; or

(5) Has demonstrated incompetency or untrustworthiness to act as a licensee.

(b) If the reason for revocation or suspension of a licensee's license at any one (1) location is of general application to all locations operated by a licensee, the commissioner may revoke or suspend all licenses issued to a licensee.

(c) A hearing shall be held on written notice given at least twenty (20) days prior to the date of the hearing and shall be conducted in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

45-12-117.

If, after notice and opportunity for a hearing, the commissioner finds that a person has violated this chapter, or any administrative regulation issued pursuant thereto, the commissioner may:

(1) Order the person to cease and desist violating the chapter or any administrative rules issued pursuant thereto;

(2) Require the refund of any fees collected by the person in violation of this chapter; and/or

(3) Order the person to pay to the commissioner a civil penalty of not more than one thousand dollars (\$1,000) for each transaction in violation of this chapter or each day that a violation has occurred and continues.

45-12-118.

(a) The commissioner, after notice and opportunity for hearing, may censure, suspend for a period not to exceed twelve (12) months, or bar a person from any position of employment, management or control of a licensee, if the commissioner finds that the:

(1) Censure, suspension, or bar is in the public interest and that the person has committed or caused a violation of this chapter or any rule, regulation or order of the commissioner; or

(2) Person has been:

(A) Convicted or pled guilty to, or pled nolo contendere to, any crime; or

(B) Held liable in any civil action by final judgment, or any administrative judgment by any public agency, if the criminal, civil or administrative judgment involved any offense reasonably related to the qualifications, functions, or duties of a person engaged in the business, in accordance with the provisions of this chapter.

(b) Persons suspended or barred under this section are prohibited from participating in any business activity of a licensee and from engaging in any business activity on the premises where a licensee is conducting its business. This subsection (b) shall not be construed to prohibit suspended or barred persons from having their personal transactions processed by a licensee.

45-12-119.

(a) The commissioner may enter into consent orders at any time with any person to resolve any matter arising under this chapter. A consent order shall be signed by the person to whom it is issued, or a duly authorized representative, and shall indicate agreement to the terms contained therein. A consent order need not constitute an admission by any person that any provision of this chapter, or any rule, regulation or order promulgated or issued under this chapter has been violated, nor need it constitute a finding by the commissioner that the person has violated any provision of this chapter or any rule or regulation promulgated under this chapter or order issued under this chapter.

(b) Notwithstanding the issuance of a consent order, the commissioner may seek civil or criminal penalties or compromise civil penalties concerning matters encompassed by the consent order.

(c) In cases involving extraordinary circumstances requiring immediate action, the commissioner may take any enforcement action authorized by this chapter without providing the opportunity for a prior hearing, but shall promptly afford a subsequent hearing upon an application to rescind the action taken that is filed with the commissioner within twenty (20) days after receipt of the notice of the commissioner's emergency action.

45-12-120.

(a) Any person aggrieved by the conduct of a licensee under this chapter in connection with the licensee's regulated activities may file a written complaint with the commissioner who may investigate the complaint.

(b) In the course of the investigation of the complaint, the commissioner may:

- (1) Subpoena witnesses;
- (2) Administer oaths;

(3) Examine any individual under oath; and

(4) Compel the production of records, books, papers, contracts or other documents relevant to the investigation.

(c) If any person fails to comply with a subpoena of the commissioner under this chapter or to testify concerning any matter about which the person may be interrogated under this chapter, the commissioner may petition any court of competent jurisdiction for enforcement.

(d) The license of any licensee under this chapter who fails to comply with a subpoena of the commissioner may be suspended pending compliance with the subpoena.

(e) The commissioner shall have exclusive administrative power to investigate and enforce any and all complaints filed by any person that are not criminal in nature, which complaint relates to the business of making flex loans.

45-12-121.

Within fifteen (15) days of the occurrence of any one (1) of the events listed in subdivisions (1)–(6), a licensee shall file a written report with the commissioner describing the event and its expected impact on the activities of the licensee in this state:

(1) The filing for bankruptcy or reorganization by the licensee;

(2) The institution of revocation or suspension proceedings against the licensee by any state or governmental authority;

(3) The denial of the opportunity to engage in the business of making loans by any state or governmental authority;

(4) Any felony indictment of the licensee or any of its directors, officers or principals;

(5) Any felony conviction of the licensee or any of its directors, officers or principals; and

(6) Other events that the commissioner may determine and identify by rule.

45-12-122.

(a) Each licensee shall file an annual report with the commissioner on the date of the renewal application required in § 45-12-111 containing the following information:

(1) The names and addresses of persons owning a controlling interest in each licensee;

(2) The location of all places of business operated by the licensee and the nature of the business conducted at each location;

(3) The names and addresses of all affiliated entities regulated under this title, doing business in this state;

(4) An audited financial statement including, but not limited to, a balance sheet, statement of income or loss, and statement of changes in financial position, for the immediately preceding fiscal year end, prepared in accordance with generally accepted accounting principles by a certified public accountant or public accounting firm not affiliated with the licensee;

(5) If the licensee is a corporation, the names and addresses of its officers and directors, or if the licensee is a partnership, the names and addresses of the partners, or if the licensee is a limited liability company, the names and addresses of the board of governors or managers of the limited liability company.

(b) If the licensee holds two (2) or more licenses or is affiliated with other licensees, a composite report may be filed, but may not be required.

(c) The reports shall be filed in a form that may reasonably be required by the commissioner and shall be sworn to by a responsible officer of the licensee.

(d) The information submitted by licensees pursuant to this section shall be afforded the same degree of confidentiality by the department and the commissioner as

is applicable to reports filed by industrial loan and thrift companies pursuant to § 45-5-503.

(e) The commissioner shall prepare and submit to the governor and general assembly, annually, an analysis and recapitulation of the reports for the preceding calendar year for the purpose of reflecting the general results of operations under this chapter.

45-12-123.

(a) In addition to any other powers conferred upon the commissioner by law, the commissioner is authorized to require persons subject to this chapter to be licensed through a multi-state automated licensing system. Pursuant to this authority, the commissioner may:

(1) Promulgate whatever rules and regulations are reasonably necessary for participation in, transition to or operation of a multi-state automated licensing system;

(2) Establish relationships or enter into agreements that are reasonably necessary for participation in, transition to or operation of a multi-state automated licensing system. The agreements may include, but are not limited to, operating agreements, information sharing agreements, interstate cooperative agreements and technology licensing agreements;

(3) Require that applications for licensing under this chapter and renewals of such licenses be filed with a multi-state automated licensing system;

(4) Require that any fees required to be paid under this chapter be paid through a multi-state automated licensing system;

(5) Establish deadlines for transitioning licensees to a multi-state automated licensing system. The commissioner has the authority to deny any applications or renewal applications not filed with a multi-state automated

licensing system after such deadlines have passed, notwithstanding any dates established elsewhere in this chapter; provided, however, that the commissioner shall provide reasonable notice of any transition deadlines to licensees; and

(6) Take such further actions as are reasonably necessary to give effect to this section.

(b) Nothing in this section shall authorize the commissioner to require a person who is not subject to this chapter to submit information to, or to participate in, a multi-state automated licensing system that is operated or participated in pursuant to this chapter.

(c) Notwithstanding any other provision of this section, the commissioner retains full authority and discretion to license persons under this chapter and to enforce this chapter to its fullest extent. Nothing in this section shall be deemed to be a reduction or derogation of that authority and discretion.

(d) Applicants for and holders of licenses issued under this chapter shall pay all costs associated with submitting an application to or transitioning a license to a multi-state automated licensing system, as well as all costs required by a multi-state automated licensing system for maintaining and renewing any license issued by the commissioner on a multi-state automated licensing system.

45-12-124.

The commissioner is authorized to use a multi-state automated licensing system as an agent for channeling information, whether criminal or noncriminal in nature, whether derived from or distributed to the United States department of justice or any other state or federal governmental agency, or any other source, that the commissioner is authorized to request or distribute under this chapter.

45-12-125.

In order to promote more effective regulation and reduce regulatory burden through supervisory information sharing:

(1) The requirements under any federal or state law regarding the privacy or confidentiality of any information or material provided to a multi-state automated licensing system, and any privilege arising under federal or state law, including the rules of any federal or state court, with respect to such information or material, shall continue to apply to the information or material after the information or material has been disclosed to a multi-state automated licensing system. The information or material may be shared with all state and federal regulatory officials with consumer credit oversight authority without the loss of privilege or the loss of confidentiality protections provided by federal or state law, including the protection available under § 45-1-120;

(2) For purposes of subdivision (1), the commissioner is authorized to enter into agreements or sharing agreements with other governmental agencies, the Conference of State Bank Supervisors or other associations representing governmental agencies as established by rule, regulation or order of the commissioner;

(3) Information or material that is subject to a privilege or confidential under subdivision (1) shall not be subject to:

(A) Disclosure under any federal or state law governing the disclosure to the public of information held by an officer or any agency of the federal government or the respective state; or

(B) Subpoena or discovery or admission into evidence in any private civil action or administrative process, unless with respect to any privilege held by a multi-state automated licensing system applicable to such information or material, the person to whom such information or

material pertains waives that privilege, in whole or in part, in the discretion of such person;

(4) This section shall supersede any inconsistent provisions of title 10, chapter 7, part 5 pertaining to the records open to public inspection; and

(5) This section shall not apply with respect to information or material relating to publicly adjudicated disciplinary and enforcement actions against persons subject to this chapter that is included in a multi-state automated licensing system for access by the public.

SECTION 2. If any provision of this act or the application thereof to any licensee or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared severable.

SECTION 3. For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2015, the public welfare requiring it.